

Financial Literacy Lesson: Assets Vs Liabilities



Grade Levels: 9 - 12th

Lesson Purpose:

To introduce students to the difference between assets and liabilities.

Objective:

Students should be able to identify an item as an asset or a liability.

Teacher Lesson Outline:

- **Planned to A.T. Introduction Video (5 min)**

Have students watch the introduction video and fill in their notes as they do. Be sure to ask students if they need any answers repeated when the video ends.

- **Class Discussion: Assets vs Liability List + Net Worth (10min)**

Allow students time to answer the asset vs liabilities questions. Then ask and share out the answers. Be sure to have students discuss how some of the answers could be both in particular.

1. Income from a job (asset)
2. Investing in a Mutual Fund (asset)
3. Car payment while Ubering (asset)
4. Paying your phone bill (liability)
5. A \$5 Bill you found (asset)
6. A Savings Account (asset)
7. Owning a Home (both)
8. Student loan (liability)
9. Investing in Stocks (asset)
10. Collecting Art or Collectibles (asset)
11. Credit Card Payment (liability)

Then introduce net worth.

Net worth = assets - liabilities



Go over an example of calculating net worth.

Assets: Cash \$5,000, Gold \$1,000, Art \$2,500, Mutual Funds \$2,875 = \$11,375

Liabilities: Student loan \$8,750, Car debt \$4,250, Rent \$1,500,
credit card debt \$ 3,000 = \$17,500

$\$11,375 - \$17,500 = (-\$6,125)$

Point out how many people have negative net worths!

This is why it's important to have more assets than liabilities!

- **Net Worth Research (25 min)**
- **Report Out (7 min)**
- **Reflection / Exit Ticket(5min)**

Let students answer the reflection questions as an exit ticket.

START : Essential Question(s)

Q: What is an asset?

An asset is something that increases in value and makes you money.

Q: What is a liability?

A liability is something that decreases in value or takes money from you.

Education Standards Addressed:

SS.912.FL.6.3

Explain how the expenses of buying, selling, and holding financial assets decrease the rate of return from an investment.



Investing Lesson 5:

Assets and Liabilities

Video Note-Taking Guide

1. Assets represent a net _____ in value. In other words, they put money _____ your pocket!
2. Liabilities represent a net _____ in value, so they take money _____ of your pocket. 😞
3. Assets “_____” me, liabilities “_____” me.
4. The best way to build wealth is by acquiring more _____ than you have liabilities.
5. Examples of assets are things like stocks and mutual funds, which we’ve already discussed. Other examples are _____, building or investing in _____, acquiring _____ properties, and items that go up in value over time like gold, coins, and other collectibles.
6. You can think of liabilities as any _____ you owe. So if you have a car, or house that isn’t completely paid off, it is considered a liability. Credit card debt and student loans are liabilities.
7. Items like clothes, shoes, accessories like _____, and electronics like _____ are liabilities because they go down in value as soon as you wear or use them.
8. Now, there are some tricky exceptions to keep in mind. For example, if you have a car that isn’t completely paid off but you use your car to _____ and bring in enough money to cover your payment + extra cash it would THEN be considered to be an asset.
9. Same thing for a home or apartment you’re paying money on monthly. If you decide to _____ your place out and make enough money to cover your monthly payment + more, Then it would be considered an asset as well.

Activity #1: The Difference Between Expenses, Assets, and Liabilities

Directions:

Decide if each of the items below is an asset, liability, or could be both, and circle the correct answer.

1. Income from a job
(asset / liability / both)
2. Investing in a Mutual Fund
(asset / liability / both)
3. Car payment while Ubering
(asset / liability / both)
4. Paying your phone bill
(asset / liability / both)
5. A \$5 Bill you found
(asset / liability / both)
6. A Savings Account
(asset / liability / both)
7. Owning a Home
(asset / liability / both)
8. Student loan
(asset / liability / both)
9. Investing in Stocks
(asset / liability / both)
10. Collecting Art or Collectibles
(asset / liability / both)
11. Credit Card Payment
(asset / liability / both)



Activity #2: Net Worth = Assets - Liabilities

Example:

John has the following assets and liabilities. Calculate the total of each and determine his net worth.

Assets	Liabilities
Cash \$5,000	Student Loan \$8,750
Gold \$1,000	Car Debt: \$4,250
Art \$2,500	Rent: \$1,500
Mutual Funds \$2,875	Credit Card Debt: \$ 3,000
Total =	Total =

Calculate John's Net Worth

_____ (Total Assets) - _____ (Total Liabilities) =

_____ (Net Worth)



Activity #3: Celebrity Net Worth

Directions:

Google search two of your favorite billionaire/millionaires. Investigate how they built their wealth and summarize. Make a list of their different assets. A couple of examples are listed below but feel free to find your own.

Oprah Winfrey
Kanye West
Robert Smith

Rihanna
Michael Jordan

1. Name: _____

Estimated Net worth: _____

List assets:

Summary:

2. Name: _____

Estimated Net worth: _____

List assets:

Summary:

